

Message Text

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PAGE 01 ALGIER 00586 041830Z

53

ACTION NEA-09

INFO OCT-01 AF-06 ARA-06 EUR-12 EA-06 ISO-00 SSO-00 NSCE-00

USIE-00 INRE-00 CIAE-00 DODE-00 PM-03 H-01 INR-07

L-02 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 IO-10

ERDA-05 AID-05 CEA-01 CIEP-01 COME-00 EB-07 FEAE-00

FPC-01 INT-05 OMB-01 SAM-01 OES-03 STR-01 TRSE-00

FRB-03 ACDA-05 AGR-05 XMB-02 OPIC-03 LAB-04 SIL-01

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O 041800Z MAR 75

FM AMEMBASSY ALGIERS

TO SECSTATE WASHDC IMMEDIATE 2014

INFO AMEMBASSY ABU DHABI IMMEDIATE

USINT BAGHDAD IMMEDIATE

AMEMBASSY CARACAS IMMEDIATE

AMEMBASSY DOHA IMMEDIATE

AMEMBASSY JAKARTA IMMEDIATE

AMEMBASSY JIDDA IMMEDIATE

AMEMBASSY KUWAIT IMMEDIATE

AMEMBASSY LAGOS IMMEDIATE

AMEMBASSY LIBREVILLE IMMEDIATE

AMEMBASSY LONDON IMMEDIATE

AMEMBASSY PARIS IMMEDIATE

AMEMBASSY QUITO IMMEDIATE

AMEMBASSY TEHRAN IMMEDIATE

AMEMBASSY TRIPOLI IMMEDIATE

AMEMBASSY VIENNA IMMEDIATE

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E.O. 11652: N/A

TAGS: ENRG, OPEC

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PAGE 02 ALGIER 00586 041830Z

SUBJ: OPEC SUMMIT

1. FORMAL OPENING OPEC SUMMIT WAS AT 1230 LOCAL. NOBODY OBJECTING, BOUMEDIENE WAS ELECTED PRESIDENT OF CONFERENCE AND THEN GAVE RITUAL SPEECH WHICH BRITISH AMBASSADOR CORRECTLY DESCRIBED AS LASTING 75 BLOODY MINUTES.

2. ALTHOUGH SPEECH WAS REplete WITH STANDARD RHETORIC BLAMING INDUSTRIALIZED STATES FOR ALL THE WORLD'S TROUBLES, BOUMEDIENE ALSO STRESSED NEED FOR OPEC TO ACT RESPONSIBLY. HE NOTED, FOR INSTANCE, THAT WHILE IT SHOULD PROTECT ITS OWN INTEREST, IT SHOULD ALSO NOT TAKE ARBITRARY AND UNJUST DECISIONS WHICH WOULD PENALIZE CONSUMERS UNDULY. HE REMARKED THAT PREPONDERANT ROLE WHICH OPEC RESERVES PLAY IN SUPPLYING THE WORLD'S ENERGY NEEDS IS NOT CONDUCIVE TO PEACE OF MIND AND MUTUAL UNDERSTANDING AND EXPRESSED HOPE THEIR ROLE WOULD BE REDUCED TO IMPORTANCE OF OTHER COMMODITIES. HE SAID OPEC MEMBERS NOT MOTIVATED BY SPIRIT OF REVENGE, EVEN AGAINST THEIR FORMER EXPLOITERS, AND THAT, FAR FROM WISHING DETERIORATION OF WESTERN ECONOMIES, THEY WANTED INCREASED COOPERATION WITH THEM. HE ASKED RHETORICALLY IF THEIR AMBITIOUS DEVELOPMENT PLANS AND HEAVY INVESTMENT, ON WHICH THEY ARE BETTING THEIR PATRIMONY, ARE NOT GUARANTEES OF THEIR DEVOTION TO STABILITY AND THE HARMONIOUS GROWTH OF THE WORLD ECONOMY.

3. HE WENT ON TO WARN THAT THREATS FROM WESTERN WORLD MUST BE TAKEN SERIOUSLY AND SPECULATED THAT THE WORK OF THE IEA AND TALK OF STRANGULATION ARE DESIGNED TO PREPARE THE WAY FOR MILITARY ACTION. HE THEN SAID, HOWEVER, THAT ALGERIA, AS MEMBER INTERNATIONAL COMMUNITY, MUST AGREE TO EXAMINE "MAJOR PROPOSALS MADE TO OTHER COUNTRIES AND HOLD OURSELVES READY TO ASSUME OUR RESPONSIBILITIES. IF PRICES MUST BE FROZEN, WE WILL FREEZE THEM; IF THEY MUST BE LOWERED, WE WILL LOWER THEM, ON CONDITION THAT THERE IS A RECIPROCAL EFFORT BY THE DEVELOPED COUNTRIES...TO RESTORE ORDER TO THE WORLD ECONOMY AND THE CREATION OF STABILITY NECESSARY FOR DEVELOPMENT AND PROSPERITY." THIS SEEMS TO BE HINT ALGERIA WILL AGREE TO PRICE REDUCTION IF LIMITED OFFICIAL USE

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PAGE 03 ALGIER 00586 041830Z

ITS DEVELOPMENT BUDGET CAN BE ASSURED. IF SO, THIS IS SIGNIFICANT STATEMENT.

4. BOUMEDIENE ALSO:

(A) SAID ALGERIANS PREPARED EXAMINE ECONOMIC PROBLEMS IN INTERNATIONAL CONFERENCE ATTENDED BY DCS AND LDCS, BUT TO BE EFFECTIVE CONFERENCE WOULD HAVE TO

EXAMINE OTHER PROBLEMS AS WELL AS OIL.

(B) PROPOSED AS STEPS TO HELP LDCS: (1) EMERGENCY GRANTS, (2) DEVELOPMENT CREDITS, (3) SPECIAL CREDITS FOR BUYING PETROLEUM PRODUCTS, (4) A PROGRAM TO MANUFACTURE FERTILIZER TO BE SOLD TO LDCS AT COST, (5) SUPPORT PRICES FOR OTHER PRIMARY COMMODITIES.

(C) PROPOSED FORMATION OF AN OPEC FUND WITH CAPITAL OF 10 TO 15 BILLION DOLLARS.

(D) PROPOSED A FIVE-FOLD PLAN OF ACTION WHICH CONSISTS IN PART OF GENERALITIES BUT WHICH HAS SOME MEAT: (1) PERMIT LDCS TO MOBILIZE THEIR BASIC PRODUCTS FOR THE PROFIT OF THEIR ECONOMIES, (2) ORGANIZE MASSIVE FLOW OF TECHNOLOGY TO LDCS, (3) INCREASE FINANCIAL TRANSFERS FAVORING DEVELOPMENT, (4) OUTLAW UNILATERAL MEASURES AFFECTING VALUES OF PRINCIPAL RESERVE CURRENCIES, (5) REDUCE ALL DISCRIMINATORY MEASURES AGAINST OPEC COUNTRIES WHETHER IN FORM OF COMMERCIAL OR TARIFF LEGISLATION OR IN AID TO DEVELOPMENT.

5. MEETING ADJOURNED AT 1400, TO BE RESUMED AS CLOSED SESSION AT 1700.

PARKER

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